

AN-CASEY 7-22

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BY HELEN THOMAS

22 July 1981

UPI WHITE HOUSE REPORTER

WASHINGTON (UPI) -- PRESIDENT REAGAN LATE WEDNESDAY DENIED REPORTS THAT SWEPT WASHINGTON SAYING CIA DIRECTOR WILLIAM CASEY HAD SUBMITTED HIS RESIGNATION AS THE NATION'S TOP SPY.

THE RUMORS HAD CIRCULATED AROUND THE WHITE HOUSE AND CAPITOL HILL FOR SEVERAL HOURS BEFORE REAGAN WAS QUESTIONED ABOUT THE SPECULATION CONCERNING CASEY, WHO HAS BEEN UNDER A CLOUD DUE TO REVELATIONS ABOUT HIS PAST BUSINESS DEALINGS.

"IS DIRECTOR CASEY RESIGNING?" A REPORTER ASKED AS THE PRESIDENT LEFT THE WHITE HOUSE FOR A RECEPTION ON CAPITOL HILL.

REAGAN SHOOK HIS HEAD FROM SIDE TO SIDE AND MOUTHED THE WORD, "NO."

DENIALS OF THE RUMOR, FUELED BY QUESTIONS ABOUT CASEY'S FINANCIAL DEALINGS DATING BACK TO THE LATE 1960S, WERE LEGION.

"IF HE HAS, IT'S NEWS TO ME," SAID WHITE HOUSE COUNSEL FRED FIELDING.

"THERE'S SMOKE, BUT NO FIRE," ANOTHER AIDE SAID.

"THAT STORY IS ABSOLUTELY FALSE," A CIA SPOKESMAN DECLARED.

"HE SAYS IT ISN'T TRUE," SEN. PATRICK MOYNIHAN, D-N.Y., A LEADING CASEY CRITIC, SAID AFTER PERSONALLY SPEAKING TO THE CIA CHIEF.

AND CBS NEWS REPORTED THAT CASEY DENIED TO THE NETWORK THAT HE WAS RESIGNING AND HAD TOLD ONE SENATOR, "SOMEBODY IS TRYING TO FORCE ME OUT BY CIRCULATING RUMORS AND I'M NOT GOING TO LET THEM. I AM STAYING."

THE SPECULATION WAS FANNED WHEN REAGAN RETURNED FROM AN AFTERNOON HORSEBACK RIDING TRIP TO QUANTICO, VA., ONE HOUR EARLIER THAN SCHEDULED. A SHORT WHILE LATER, ATTORNEY GENERAL WILLIAM FRENCH SMITH ARRIVED AT THE WHITE HOUSE FOR AN UNANNOUNCED 45-MINUTE MEETING.

THE 68-YEAR-OLD CASEY, A WORLD WAR II INTELLIGENCE OFFICIAL WHO WAS REAGAN'S 1980 CAMPAIGN CHAIRMAN, UNDERWENT SENATE CONFIRMATION HEARINGS EARLIER THIS YEAR WHEN REAGAN CHOSE HIM FOR THE CIA POST. HE ALSO FACED THAT SCRUTINY IN 1971 WHEN PRESIDENT RICHARD NIXON NAMED HIM CHAIRMAN OF THE SECURITIES AND EXCHANGE COMMISSION.

THE SENATE INTELLIGENCE COMMITTEE OPENED AN INQUIRY INTO CASEY'S BUSINESS DEALINGS AFTER IT WAS REVEALED LAST WEEK THAT A FEDERAL

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CASEY

JUDGE RULED IN MAY THAT CASEY AND SEVEN OTHER MEMBERS OF A NOW-DEFUNCT AGRIBUSINESS FIRM HAD MISLED INVESTORS.

THAT DISCLOSURE CAME A DAY AFTER MAX HUGEL, CASEY'S HAND-PICKED DEPUTY DIRECTOR FOR CLANDESTINE OPERATIONS, RESIGNED FOLLOWING ALLEGATIONS BY TWO OF HIS FORMER BUSINESS PARTNERS THAT HE ENGAGED IN STOCK MANIPULATIONS.

MOYNIHAN HAS ACCUSED THE WHITE HOUSE OF PROCRASTINATION IN PROVIDING INFORMATION FOR THE INTELLIGENCE PANEL'S INVESTIGATION, BUT WHITE HOUSE SPOKESMAN LARRY SPEAKES SAID WEDNESDAY THAT ALL INFORMATION "CONSISTENT WITH THE PRIVACY ACT" IS AVAILABLE TO THE COMMITTEE.

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WILMINGTON EVENING JOURNAL  
22 July 1981

# Casey now under fire in Senate

By Ralph S. Moyed and Joe Trento

Staff writers

Support for embattled CIA Director William J. Casey appeared to be crumbling in the Senate Intelligence Committee after reports that one of Casey's business associates has links to organized crime.

Sen. Daniel Patrick Moynihan of New York, the panel's vice chairman and once an ardent Democratic supporter of Casey, now says a "crisis" is building that could force Casey's resignation.

The committee chairman, Arizona Republican Sen. Barry M. Goldwater, meanwhile, is maintaining a public posture of mild support for Casey but privately has told colleagues Casey has to go. He wants President Reagan to remove Casey, who was the president's 1980 campaign manager.

On Tuesday, Moynihan accused the White House and the Justice Department of dragging their feet in providing files to the committee for its inquiry into Casey's business transactions and his associates.

Later Tuesday, the Justice Department promised to cooperate with the investigation, but no files had been delivered as of this morning.

The action represented a sharp turnabout for Moynihan, who had made a speech in support of Casey's confirmation.

A spokesman said Moynihan's table-pounding outburst at an intelligence committee meeting was inspired by a report Saturday in The News Journal about Carl Biehl, Casey's business partner and friend. The story said Biehl is identified in Justice Department records as an associate of mob figures in New Orleans, Galveston, Texas, and other ports where his family's stevedoring company operates.

Investigators learned of Biehl's underworld connections in 1973 while conduct-

ing a background check before Casey was confirmed as chairman of the Export-Import Bank under Richard Nixon. The News Journal first reported last week.

According to Justice Department documents, Biehl later agreed to supply information in return for the promise he would not be prosecuted.

FBI sources said those files were avail-

able to the White House, the Justice Department and the Senate before Casey was confirmed as CIA director last January. But a Senate Intelligence Committee spokesman said the committee was unaware of the existence of those files when it was conducting Casey's confirmation hearings.

The committee's review of Casey's dealings originally was ordered in response to news reports about unfavorable rulings in two civil suits against Casey, Biehl and other directors of Multiponics Inc., a failed farm corporation.

Federal judges in New Orleans and New York ruled that Multiponics directors misled investors and drove the company deep into debt by serving their own selfish interests. Multiponics, formed in New Orleans in 1968 to speculate in farm properties and crops, went bankrupt in 1971.

The White House and Senate Republican leaders, including Goldwater, have said Casey's job would not be in jeopardy if the committee staff unearths nothing more damaging than the two lawsuits.

The reported organized crime connections, if they prove to be more substantial, could change that.

Tim Russert, an aide to Moynihan, said the senator had the News Journal story about Biehl in mind when he interrupted a committee meeting to accuse the Justice Department and the White House of not cooperating in the committee inquiry of Casey.

Moynihan said the committee staff had tried in vain to get the

files. He said he had placed calls to the White House and Attorney General William French Smith, but neither called back.

"I'm absolutely outraged," Moynihan said at the committee hearing. "If they're not going to help us establish that the director should not resign, then the result will be that he will resign."

"If they are going to cover up, they are going to lose themselves their director of the CIA damn fast," Moynihan said.

Tom DeCair, a spokesman for the Justice Department, said Moynihan hadn't called until after Smith had left for the day Monday afternoon, and Smith tried to return the call when he came to work Tuesday morning.

The committee issued a formal request for the files. It was signed by Moynihan and Goldwater.

# LETTERS TO THE EDITOR

## *More on the CIA*

The scandal at the CIA underscores a flaw in our political system. The United States can no longer afford the luxury of the spoils system. Short-term political appointees who impose their personal beliefs on the public and whimsically alter policies to further personal aims have no place in public service. No organization can reasonably expect to survive a leadership change every 18 months. The Japanese political system permits only two political appointees in each ministry. Despite what we perceive as weaknesses, the Japanese are quite successful in achieving national goals.

DAMON GREER  
Gaithersburg

I write you because of my concern that William Casey's unique talents may be lost to the government because of some old matters extraneous to his

present position. Having worked for Mr. Casey when he was at the Securities and Exchange Commission, I can state unquestionably that he is among the most qualified managers I have known.

Before his government service, Mr. Casey was a venture capitalist and an extraordinary risk-taker. It is not unusual for such an individual to become involved in business litigation and controversy.

Mr. Casey's broad experience and exceptional talents make him a perfect choice for his present position. It would be a tragic loss to the country if he left the CIA.

IRVING M. POLLACK

Former commissioner,  
Securities & Exchange Commission

Wheaton

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BALTIMORE SUN  
22 JULY 1981

## *Your Basic Old-Time Calvinism, Really*

# Capitalism's Ugly Mysticism

PRESIDENT REAGAN'S admirers have been forced to do an ideological rain dance all around the rioting in Britain. "Just your basic hooliganism," they maintain—"nothing to do with the state of the economy."

Now that is a very interesting position for people who are certain that

By Garry Wills

welfare destroys character. Lack of work is morally deleterious when that serves right-wing rhetoric against helping the poor. But when a government's campaign against the poor increases joblessness, as it has in England, this does not at all affect human behavior.

In effect, right-wingers are economic determinists when attacking help for the poor; but they deny determinism when attacking criminals. Work forms character; but worklessness does not destroy character—i.e., does not breed criminals. The only constant in this flipflopping analysis is opposition to the poor.

Such a selective approach to eco-

nomic determinism is a hallmark of the right wing. When Patty Hearst was kidnapped and submitted to brutality, people from her economic background said she could not be held responsible for robbing banks—she had been conditioned by her captors' treatment. But the same people denounced any claim that the poor are coerced to criminality by degrading circumstances forced on them all their lives. Conditioning affects the rich, not the poor—who are below such brutalization to begin with.

We see the same combination of wavering logic and straightforward prejudice in the Reaganites' celebration of capitalists. Giving money to capitalists makes them noble, makes them take generous risks that benefit us all. But giving money to the poor just makes them lazy and selfish. Money is good for the moneyed, who should always be pampered like Patty Hearst. But money should be kept from the poor, who cannot handle it. Innately criminal anyway, they will just have more power to commit crime if we give them more money.

Money should go only to moral paradigms like Mr. Reagan's campaign manager and his assistant,

Messrs. Casey and Hugel—who, according to judges in separate jurisdictions, bilked investors and ran companies into the ground for their own benefit. The Gilder vision of noble businessmen founders on Gilder's own hero's campaign manager.

But perhaps the criminal rich should run the CIA: if they err, give them more, and that will straighten them out. The criminal poor should be deprived; giving them anything at all just corrupts them further. There is no principle that can explain this hodgepodge of inconsistent attitudes. The whole thing is mystical in its origins—a faith in the nobility of the rich.

Some, like the missionaries in El Salvador, have noticed that this is the reverse of another mystical view, promulgated by one of the criminal poor a long time ago. Jesus had a faith in the nobility of the poor. There is no proving either mystical assertion, in non-mystical terms; but which vision one chooses tells us a great deal about moral character. Mr. Reagan prefers millionaires. Jesus preferred the poor. One is the mysticism of heaven. The other is—well, you know.

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WASHINGTON STAR (GREEN LI  
21 JULY 1981

MARTIN KAPLAN

## The CIA Is an Equal Opportunity Employer

*"The Central Intelligence Agency may have a career for you."*

Over a silhouette of an eagle's head facing right, that was the headline on a one-sixth-page display ad in the Sunday New York Times at the end of June.

You couldn't miss it. It wasn't mixed in with the other career ads spread over the next several pages -- "Learn to be a Travel Agent" . . . "Love Anatomy? Learn Diagnostic Ultrasound Technology" . . . and the rest of the Close Cover Before Striking Electronics Institute sort of pitches.

No, the CIA ad was a class act. Just like Max Hugel.

Hugel was, for a few weeks anyway, the deputy director for operations at the CIA -- the agency's top spymaster. CIA Director William Casey hand-picked him for the job, and despite intelligence community grumbling about putting an outsider in perhaps the most sensitive post in secretland, Mr. Casey's friend Ronald Reagan smiled on the appointment.

*"It is not a career for everybody,"* the CIA ad continues. Nosiree. As agency officials told a House intelligence subcommittee, marijuana-smokers and homosexuals can't get in, and alcoholics are "unsuitable."

But the security check on Max Hugel -- whose former business associates turn out to have secretly taped him, and who now allege that Hugel joined them in a securities caper -- turned up no drink, no dope, and no stirrings of the love that dares not speak its name. He was a shoe-in.

*"It is a career for a few very special bright men and women . . ."*

Bright? Max? This is the Reagan campaign worker who came up with the idea of getting 10 million volunteers each to persuade two other people to vote for Reagan, and then those 20 million would in turn, etc., etc., and before you knew it Ronald Reagan would be the first president elected by chain letter.

*" . . . men and women with the skills, self-reliance, self-discipline, and initiative . . ."*

You want initiative? I'll give you initiative. When Max was drafted during World War II, he escaped combat duty by claiming to speak fluent Japanese.

Self-discipline? This is a man so far from self-indulgence that he hired a ghostwriter to do his own autobiography.

Self-reliance? When Max was tapped by his company commander to spy on his fellow infantrymen, the pickings of unpatriotic remarks were so slim that Max took the trouble actually to make up subversive comments completely on his own.

Skills? This is the man who convinced the owner of a Japanese auto repair shop to pay \$30,000 for 30 sight-unseen DeSoto taxis so old and rotted that the man went bankrupt when, as Max's autobiography says, he was "unable to salvage as much as a usable screw from the cabs."

*" . . . who seek exciting, challenging situations that demand critical on-the-spot decisions."*

Max never shied away from on-the-spot-decisions. No need for him to huddle with consultants and stew. When his business associates' lawyer suggested that they might file a suit against him, Max was ready with an answer. "I'll kill that bastard," he said. Right on the spot.

*"If you are a person with these diverse attributes and you enjoy working with interesting people . . ."*

Enjoy interesting people? Max? Need one do more than mention his "Korean gang"?

don't do anything, you don't do anything. What can I do? If you do, I'll kiss you on both cheeks. And if you don't, I'll cut your b---- off. You got no choice, anyway. I'll get my Korean gang after you, and you don't look so good when you're hanging by the b---- anyway.

*" . . . it is time to consider a career with the Central Intelligence Agency through our career training program."*

Max didn't need the training program; he leapfrogged right into the front office, over all those Ivy Leaguers and career spooks who'd spent a lifetime learning the agency's ways.

But there was certainly no need to be apologetic about it. When the intelligence establishment criticized the appointment in May, didn't William Casey point out in his letter to the president defending the choice that Max's campaign work organizing ethnic groups was similar to organizing covert operations?

A hundred Greeks in the Nashua Holiday Inn . . . a sud-and-kielbasa fest in Milwaukee . . . a mole in the Politburo -- what's the big difference?

Besides, as the tapes now make clear, Max's whole career testifies to his understanding of secrecy. For example, before he leaked a year-end company forecast to a business associate who hoped to profit from the inside poop, Max prefaced his report this way: "Hey, got a pencil there? Get some pencil and paper, will you? . . . What I'm giving you is strictly confidential stuff, okay?"

"Strictly confidential." Did you catch that? This is no ordinary slouch needing a career training program to learn what "eyes only" means.

It was only a few weeks ago, just as the New York Times recruiting ad ran, just as he was abolishing the CIA's Office of Public Affairs, that Mr. Casey was saying in an agency newsletter that "the difficulties of the past decade are behind us," that a "trust us" climate had returned.

*"Earn big money at home in your spare time. Write today for free details. Ocean-Front Lots, Tucson, Arizona."*

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WASHINGTON STAR (GREEN LINE)  
21 JULY 1981

## MARY McGRORY'S COMMENT

### Links to Casey Make Problems For Nominee

**I**n the matter of another of CIA Director William J. Casey's personal selections for conspicuous public office, President Reagan is presented with singularly unappetizing alternatives.

He could, as some expect, try to ram through his choice of William McCann for ambassador to Ireland — and risk further embarrassing disclosures about the New Jersey insurance executive and his patron. Or he could suggest to McCann that a sudden attack of wishing to spend more time with his family has pre-empted his desire for a diplomatic career.

A retreat would be a tacit admission that the CIA director is a disaster in personnel selection and that government investigations of candidates are a joke. Casey's appointment of Max Hugel, who turned out, under press scrutiny, to be as much buccaneer as businessman to the No. 2 spot in CIA ended in fiasco: Hugel sent to the showers on the double and Casey under investigation by the Senate Intelligence Committee.

What makes it all excruciating for Reagan is that he announced the McCann choice himself at a festive St. Patrick's Day lunch at the Irish Embassy.

It is not clear which way he will go. Over the weekend, his staff, confronted with new stories about McCann's business dealings with Louis Ostrer, who is doing time in Danbury for tax evasion and embezzlement, and his sponsorship by Casey, sought to weaken the Casey link.

McCann, according to two members of the three-man palace guard, Michael Deaver and Edwin Meese III, was not especially pushed by Casey, who, it is well known, barges past them straight into the Oval Office. The 68-year-old Casey's special relationship with the president is, naturally, much resented by them, but the thought of dispatching the badly wounded CIA chief obviously dismays them.

So they are saying several members of the finance section of the campaign were just as keen about the second-biggest fund-raiser in New Jersey Republican history.

Whether they are trying to protect Casey from McCann or McCann from Casey — the better to save either or both — will emerge in days to come.

At least one well-placed Democrat disputes their contentions.

Says House Speaker Tip O'Neill, who is in the forefront of Irish-American affairs and who was among the first to congratulate McCann, after the surprise announcement at the March 17 gala, "He's Casey's man — I'm positive of it. And Casey picked (Treasury Secretary) Regan and (Labor Secretary) Donovan. They all belong to the same Short Hills club. They're nouveau riche Irish — and Republicans."

At least one Democrat on the Senate Foreign Relations Committee, which would have to confirm McCann if the nomination is ever sent up, believes that Reagan should withdraw McCann from consideration.

Chris Dodd of Connecticut, a freshman, said that the president should find someone else for this critical moment in Irish history. "Given the seriousness of the situation," he says, "we should not send someone with a cloud over his head. I am not prejudging McCann."

To Dodd, it is the company McCann keeps. And he does not mean Ostrer, the felon, but Casey, the suspect talent scout.

"It's like Lefever," Dodd says, in reference to the miscarried nomination of Ernest Lefever as assistant secretary of state for human rights. "It wasn't what Lefever thought about human rights — we all knew his views. It was his connection with Nestle [the corporation which subsidized Lefever after he had taken its side in the fight over infant formula]. With McCann, it's the Casey connection."

McCann, a genial, heavy-set man with high color and thick glasses, insists there is nothing to the charges which first broke in the Newark Star-Ledger.

An initial State Department Office of Security investigation cleared him. In May, his name was submitted to the Irish government and accepted. It was not until June 14, when the Star-Ledger detailed his long financial involvement with Ostrer, that the storm signals went up.

In the meantime his wife, at the invitation of Mrs. William Shannon, wife of the erstwhile envoy, had visited the embassy at Phoenix Park and had enrolled her children in Dublin schools. The McCanns leased their New Jersey home and moved to their summer quarters in New Hampshire.

Now his future is uncertain. And he could become another case history in Reagan annals, a warning that while raising pots of money for the president is a recommendation for preferment, it is, as the Hugel matter suggested, no substitute for good paperwork and a thorough government investigation.

The only thing that Washington knows for sure right now is that while last week it was a good thing to be a friend of Bill Casey's, this week it is not.